# *Who Owns Germany?* Documenting the widening gulf between rich and poor

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***Who Owns Germany? The real power holders and the fairy tale of national wealth*****, by Jens Berger, published by Westend Verlag, Frankfurt, 5th edition, 2014.**

For over three months, *Who Owns Germany?* has been one of the top ten books on *Der Spiegel* 's list of nonfiction works and *Manager Magazin* 's bestseller list. The redistribution of wealth from the bottom to the top of society, which has accelerated over the last decade, is an issue that is generating great interest.

"Wealth always implies power. Those who possess property also possess the means to initiate social change and steer political debate." The author refers to "numerous think tanks" that "in many cases are obviously funded from family trusts set up by the super-rich."

The book purports to redress a dearth of information about wealth ratios, since the most recent edition of the official "Poverty and Wealth Report of the Federal Government" (2013) is mainly limited to describing poverty ratios. The federal and state administrations' "Income and Consumption Survey" (EVS), which underpins this report, provides "no data for households with monthly incomes exceeding €18,000, as they are not generally represented in the survey in sufficient number to allow verifiable conclusions to be drawn," states the Federal Statistical Office. The lack of statistical data thus makes an investigation into varying levels of wealth in Germany "detective work".

Jens Berger explains in a comprehensible way the economic categories used in the statistics to conceptualise poverty and wealth, and supports them with extensive data. The picture of the widening gulf between rich and poor emerges from his analysis of data from different sources, such as the Socio-Economic Panel (SOEP) study by the German Institute for Economic Research and the "Private Households and their Finances" (PHF) study of the Federal Bank.

Thus, the reader learns that the upper one-tenth of 1 percent of German households has about as much money as the bottom 85 percent. The wealth of the 80,000 richest Germans is 16 times greater than the wealth of the poorest 40 million, and that of the 800,000 richest Germans (about 1 percent of the population) is almost as great as the assets of the other 80 million. The lowest 20 percent of the population have no assets at all.

Berger concludes, "Germany is one of the countries that has the highest levels of wealth inequality in the world." He writes, "In general, assets in Germany are accumulated neither through work nor even savings; they are inherited," adding that assets have increased by an average of 4.4 percent per year since 1991, while gross domestic product (GDP) has grown by only 2.4 percent and "real wages have not risen at all."

He cites the rise of the German DAX stock index as evidence of this trend. Over the last 18 years, the DAX rose by 340 percent, while GDP grew by less than 50 percent.

Profits, which earlier flowed from state-owned enterprises into the public purse, have been transferred through privatisation into private hands since the 1980s—a development that has also led to drastic price increases. Adopting the slogan of "Less government, more private initiative", the Christian Democratic Union-Free Democratic Party (CDU-FDP) government began to implement this policy in 1984, and it was continued by the Social Democratic Party-Green Party coalition government of Gerhard Schröder (SPD). This led to the privatisation of industrial and mining holdings, Lufthansa, several banking interests, the greater part of Telekom, 49.9 percent of German Post and many housing associations.

"Some 33 million of the 41 million homes in Germany—i.e., more than 80 percent of all homes—are owned by private individuals or private owners' associations," writes Berger. "Half of the private real estate assets of the country belong to the top 5 percent of the population." According to the immowelt.de real estate web site, only 1.5 million "of the more than 4 million council homes at the end of the 1980s [are] still in existence—and the trend continues to decline."

The property tax, envisaged in Paragraph 106 of the federal constitution, has not been levied since the early 1980s, and the property taxes accruing to the federal states terminated in 2006, even though their legal warranty is still in force. The law was not invoked even during the financial crisis, when the federal government provided hundreds of billions of euros to bail out the banks.

Social inequality is growing not only in Germany, but throughout the whole world. In this respect, the author presents a series of shocking statistics: "The 85 richest people in the world have as much wealth as the combined assets of the poorest 3.5 billion. Just 1 percent of the world population possesses a wealth of €80 trillion... This amounts to 65 times as much as that of the whole poorer half of the world."

The gulf between rich and poor has never been greater. This is also reflected in the tax legislation of the Western industrialised countries, where top tax rates have been greatly reduced since the 1980s. At that time, the US government under President Ronald Reagan began a full-scale assault on the social gains of the working class by imposing policies of deregulation. This enabled the financial industry, which had been increasingly influencing government policy, to achieve rapid growth.

Jens Berger exposes this development by reference to the largest US asset manager, BlackRock Inc., which holds 75 percent of shares of the three major banks: Merrill Lynch (US), Barclays (UK) and PNC Financial Services (US).

Citing a study by J.B. Glattfelder and others at the ETH Zurich university, he describes the network that controls these three financial institutions. The study examines more than 43,000 transnational companies. Nearly 150 companies, half of which are financial firms, control 40 percent of the major global corporations. Nineteen of the 20 most powerful companies in the world are financial businesses, located mainly in the US and UK.

However, the conclusions Berger draws from these figures are facile and disappointing. The book ends with the battle cry, "Civilize capitalism!" Specifying "16 points for a path to a just and stable society," he attempts to return to the reform policies of the 1960s, in order to enable "people (to) finally put their savings into acquiring the products and making the investments that they themselves consider the best, and then go on to use the dividends to build up capital."